

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7130

BILL NUMBER: SB 250

NOTE PREPARED: Apr 10, 2007

BILL AMENDED: Apr 9, 2007

SUBJECT: Grain Buyers and Warehouse Licensing Agency Fund.

FIRST AUTHOR: Sen. Jackman

FIRST SPONSOR: Rep. Grubb

BILL STATUS: As Passed House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: (Amended) *E85 Fuel Provisions:* This bill increases the amount of the additional Sales Tax allowance for sales tax collected on the sale of E85 from \$0.10 per gallon to \$0.25 per gallon and reduces the maximum amount of increased allowances that may be allowed from \$2,000,000 to \$1,000,000;

Corn Marketing Council and Checkoff Fee: This bill provides that 25% of the net amount collected in the corn market development account is used for deductions for the sale of E85. The bill provides that corn assessments do not apply to seed corn. The bill also provides that a producer has 180 days to claim a refund. The bill provides for an annual audit of the Corn Marketing Council. The bill requires the Council to have an annual audit. The bill provides that the Council may audit first purchasers, and it specifies that if the Corn Marketing Council requires an audit, the Council must pay for the audit. The bill also provides that if first producers claim a refund of 25% of the money collected from assessments in the corn marketing program during a corn marketing year that the assessments must cease on a specific date.

Grain Buyers & Warehouse Licensing Fee Fund: The bill creates the Grain Buyers and Warehouse Licensing Agency License Fee Fund. The bill provides that fees collected by the Grain Buyers and Warehouse Licensing Agency are deposited in the Fund.

Effective Date: July 1, 2007.

Explanation of State Expenditures: (Revised) *E85 Fuel Provisions:* The provisions of this bill changing the amount, the cap, and the period to claim the Sales Tax deduction for sales of E85 will result in an increase in administrative expenditures for the Department of State Revenue (DOR). The DOR will need to amend Sales Tax forms, procedures, and software. It is anticipated these changes could be implemented

through the use of existing staff and resources.

(10) establishes an E85 fueling station grant program.

Background Information: The Department may award a grant under this program to a person that:

A) makes a qualified investment; and

B) places the qualified investment in service in Indiana for the dispensing of E85 base fuel.

C) Grants may range in total from \$1,500 to \$5,000.

The total amount of the grants for all state fiscal years may not exceed \$1 M. Money in the fund at the end of a state fiscal year does not revert to the state General Fund but remains in the fund. Money in the fund is continuously appropriated

See *Explanation of State Revenues* below.

Explanation of State Revenues: (Revised) *E85 Fuel Provisions:* This bill increases the amount of the Sales Tax deduction for E85 from \$0.10 to \$0.25, and decreases the total lifetime cap on the deduction for all taxpayers in all reporting periods from \$2 M to \$1 M. The bill extends the period for claiming the deduction from an expiration date of July 1, 2008 to July 1, 2020. As of March 23, 2007, the sum of all Sales Tax deductions claimed for E85 was approximately \$41,000 for all taxpayers in all reporting periods from when the deduction became effective July 1, 2006. It is estimated that the \$2 M most likely would not have been reached by the current expiration date of July 1, 2008, and therefore these changes will result in a decrease in Sales Tax collections due to the extension of the deduction.

Corn Marketing Council and Checkoff Fee: This bill decreases the Indiana corn checkoff fee assessment amount from \$0.005 per bushel to \$0.0025, beginning July 1, 2007, and until December 31, 2009, at which time the fee goes back to \$0.005. The bill also changes the fee assessment language from "permitted on" to "shall be collected on" all corn sold in Indiana. The impact of these changes are indeterminable, and will ultimately depend upon the ability of the Corn Marketing Council (CMC) to collect this checkoff fee from corn buyers in Indiana.

The bill also provides that the checkoff fee is required to be refunded to any producer who sells corn, and then files a written application for refund within 180 days. The bill also provides that if more than 25% of the checkoff fee is refunded during the year, the CMC shall cease collecting the fee and request the Legislative Council to have legislation prepared to repeal the corn market law.

This bill also establishes the Indiana Corn Market E85 Account within the state General Fund. The bill requires 25% of the checkoff fees collected to be deposited in this account for use for retail merchant Sales Tax deductions for sales of E85 under IC 6-2.5-7-5. Also, the total limit of \$2 M on this Sales Tax deduction is raised in the bill by the amount of checkoff collections collected and deposited for this purpose. This provision could decrease Sales Tax collections, but any decrease would be offset by the deposit of corn checkoff deposits with the state.

Grain Buyers & Warehouse Licensing Fee Fund: The Grain Buyers and Warehouse Licensing Agency is a division within the Department of Agriculture (IDOA). The agency collected approximately \$160,000 in fees for licenses and inspections for FY 2006. Currently, these fees are deposited in the state General Fund. The bill provides that the fees would be deposited in the newly established Grain Buyers and Warehouse Licensing Agency License Fee Fund to be used to finance the operations of the agency. The agency currently

is funded through the IDOA, which is financed, in part, through state General Fund appropriations.

In addition to the fees collected above, the fund would also consist of gifts, bequests, and appropriations made by the General Assembly. Expenses of administering the fund must be paid from money in the fund. The Treasurer of State must invest money in the fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested. Interest that accrues from these investments must be deposited in the fund. Money in the fund at the end of a state fiscal year does not revert to the state General Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: IDOA.

Local Agencies Affected:

Information Sources: Dennis Henry, Audit Supervisor, IDOA, 317-232-1360;
<http://www.in.gov/igbwla/about>.

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